



## **Income Cash Yield SMA**

TPFG's Income Cash Yield SMA Portfolio is a multi-asset class portfolio designed for investors seeking income from their investment portfolio. Total return is a secondary objective, with a goal of competing with the Barclays Intermediate Government Credit Bond Index, although that is not the Portfolio's benchmark.

The duration, or sensitivity to changes in interest rates, of the Portfolio is generally lower than the Barclays Index, as the Portfolio tends to invest more in credit related sectors of the market which have higher sensitivity to economic trends rather than changes in interest rates.

The unique nature of the Income Cash Yield Portfolio is that the primary goal is generating income, and therefore the Portfolio is not constrained to only holding fixed income securities. Rather, we have the flexibility to incorporate equities into the Portfolio, as well as other means of hedging against volatility while generating income. If equities are introduced into the Portfolio, some volatility can be hedged, so as to keep the overall standard deviation of the Portfolio competitive with the Barclays Index.

### **Q4 2016 Market Update**

Fixed income markets finished the quarter lower, as Treasury yields moved up, driven by higher inflation expectations and a hike in the Fed Funds rate in December. Overall, the Barclays U.S. Intermediate Gov't/Credit Index fell -2.07% during the quarter but finished the year up 2.08%. Treasury yields declined during the first half of the year, hitting a low in July and then slowly rising until the presidential election. The surprising outcome of the election had investors reassessing inflation and debt expectations due to possible fiscal stimulus under the new administration, pushing yields substantially higher. Yields reached their highest levels in mid-December, after the Federal Reserve raised interest rates by 0.25%, the second hike in over ten years. In the end, the 10 YR Treasury finished the year at 2.45%, only slightly higher than where it began the year. Credit sectors performed the best during the surge in yields, with high yield and floating rate bank loans among the leading sectors. Longer duration assets, municipal bonds and REITS were among the laggards.

### **Q4 2016 Portfolio Highlights**

The portfolio was well positioned for the increase in interest rates and suffered only a minor pullback during the quarter. Overall, the portfolio finished up 1.96% for the year. We remain broadly diversified across income generating sectors and made no changes to the portfolio during the quarter.

- Exposure to short duration MBS, floating rate bank loans and multi-sector bond managers were the top contributors during the quarter.
- Performance of intermediate bond managers and preferred securities were mixed but we retained those positions due to solid yields.
- The portfolio finished with a weighted average 12-month trailing yield of 3.88%.



## THE PACIFIC FINANCIAL GROUP, INC.

- Income Cash Yield SMA is constructed with a lower sensitivity to changes in interest rates, with a duration on 2.17 versus the Barclays U.S. Intermediate Govt/Credit Bond Index at 4.03.

The portfolio has done an excellent job of providing a generous income stream to shareholders with low risk. We appreciate your consideration of this Portfolio, and look forward to answering additional questions that you may have.

Very truly yours,

Eric Neufeld, CFA, Portfolio Manager  
The Pacific Financial Group, Inc.

### Disclosure

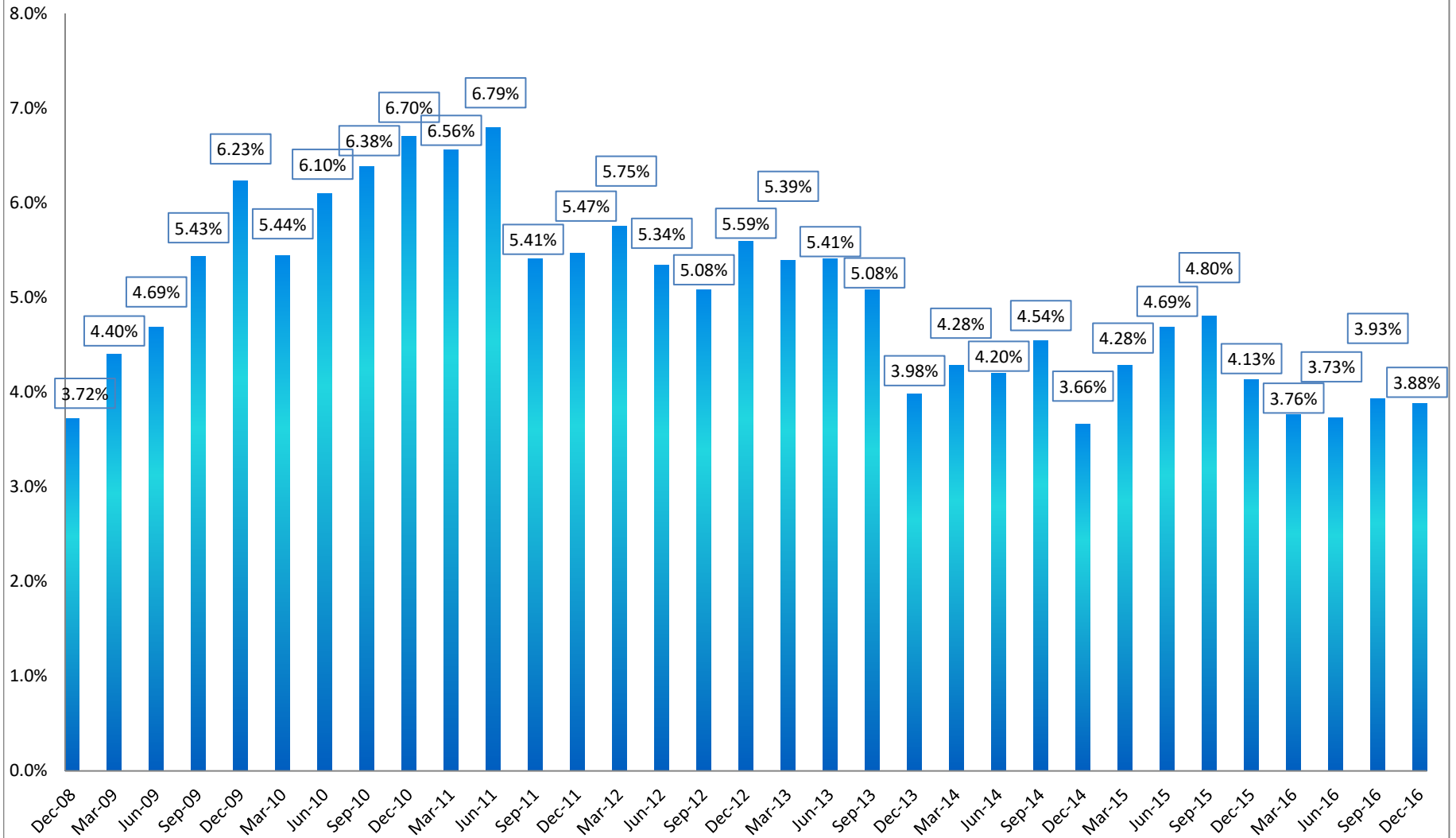
Returns Source: Morningstar Direct

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Returns quoted are net of management fees only and they do not reflect income taxes that the investor would have incurred. Performance for this portfolio is based upon a composite of client portfolios that have elected this investment strategy. The composite contains all accounts that have selected this strategy that meet the following requirements: all accounts must have been invested for at least a full month, and TPFG has full discretionary investment authority. All accounts that do not contain investment restrictions that significantly impair TPFG's ability to manage the assets according to the applicable strategy and are considered discretionary. Portfolios below the stated minimum account value for the composite are excluded on a monthly basis. For this portfolio, the current beginning of period minimum account value is \$50,000. Additional composite exclusion reasons include; accounts with pending or processed cash flows greater than 10% of the beginning period market value, accounts that have been traded by the client during the month, accounts held at custodians that do not have an institutional trading platform to facilitate bulk trading, accounts in the process of closing/liquidating and accounts that do not pay a management fee. Actual returns for individual client accounts may vary and do not necessarily coincide exactly with the returns for the composite. Past performance is no guarantee of future returns. Investing in any security involves a risk of loss.

The Barclays Capital Intermediate Government Credit Index includes intermediate term obligations of the US Treasury; Government-Related issues such as agency, sovereign, supranational, and local authority debt; and Corporate Securities that have a remaining maturity of greater than one year and less than ten years.

**TPFG INCOME SEPARATELY MANAGED ACCOUNT  
HISTORICAL MORNINGSTAR 12 MONTHS YIELD BASED ON ALLOCATION OF PORTFOLIO AT SPECIFIED DATES (QUARTERLY)**



# TPFG Income SMA

## Investment Summary

Data as of  
12/31/2016

Currency  
USD

Benchmark 1  
BBgBarc US Govt/Credit Interm TR USD

Benchmark 2  
—

### Trailing Return

	Total Return %	+/- BM1	+/- BM2	Cat % Rank
1 Mo	0.47	0.40	—	—
3 Mo	-0.12	1.95	—	—
6 Mo	1.48	3.39	—	—
YTD	3.47	1.39	—	—
1 Yr	3.47	1.39	—	—
3 Yr	2.43	0.34	—	—
5 Yr	—	—	—	—
10 Yr	—	—	—	—
15 Yr	—	—	—	—

### Ratings

	Overall	3 Year	5 Year	10 Year
Rating	—	—	—	—
Risk	—	—	—	—
Return	—	—	—	—
# Investments Rated	—	—	—	—

### Risk/Reward

vs Benchmark 1	3 Year	5 Year	10 Year
Alpha	1.31	—	—
Beta	0.50	—	—
R-Squared	36.71	—	—
Tracking Error	1.87	—	—
Information Ratio	0.18	—	—
Excess Return	0.34	—	—

Miscellaneous	3 Year	5 Year	10 Year
Standard Deviation	1.86	—	—
Sharpe Ratio	1.23	—	—
Sortino Ratio	2.32	—	—

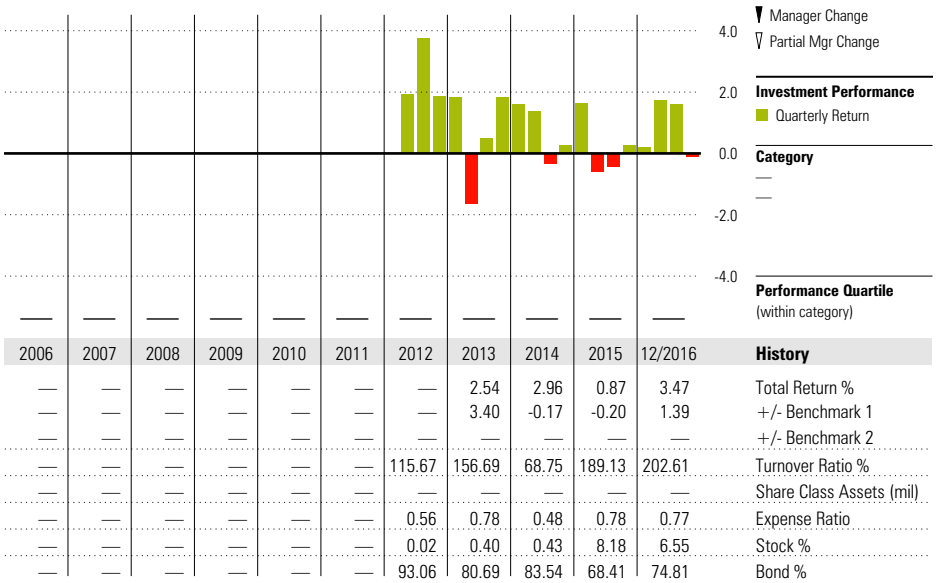
### Manager Information

#### Investment Strategy

#### Operations

Minimum Initial Investment	—
Inception Date	1/13/2012
Management Fees	Actual: — Max: —
Sales Fees	—
Firm Name	—
Telephone	—
Web Address	—

### Performance



### Holding Analysis as of 12/31/2016

	Net %	#
Cash	7.4	—
Stock	0.1	0
Bond	87.0	0
Other	5.4	—
<b>Total</b>	<b>100.0</b>	<b>13</b>

### Equity Style %

Market Cap	%
Giant	26.5
Large	31.5
Mid	33.0
Small	7.7
Micro	1.3
Avg Market Cap (mil)	26,210.8

Value Factors	%	Growth Factors	%
Price/Earnings	17.83	LT Earn Gr	8.87
Price/Book	2.19	Hist Earn Gr	-5.16
Price/Sales	1.48	Book Val Gr	2.28
Price/Cash Flow	9.44	Sales Gr	-2.84
Dividend Yield	2.77	Cash Flow Gr	-2.31

### Fixed Income Style

Avg Eff Duration	2.2 Yrs
Avg Eff Maturity	5.4 Yrs
Avg Credit Quality	BB
Avg Wtd Coupon	3.83%
Avg Wtd Price	—
1 as of —	

Credit Rating Breakdown	%	Maturity Breakdown	%
AAA	23.7	1-3	9.5
AA	9.8	3-5	13.0
A	8.8	5-7	10.9
BBB	12.6	7-10	7.7
BB	12.9	10-15	6.6
B or Below B	21.0	15-20	17.9
Not Rated	11.3	20-30	21.5
		30+	12.5

Top Holdings as of 12/31/2016	Style	Mkt Cap USD (mil)	% Mkt Val
Guggenheim Total Return Bo...	Box	—	10.28
Semper MBS Total Return In...	—	—	9.84
PIMCO Income Instl	—	—	9.76
DoubleLine Total Return Bond I	—	—	9.59
AC Alternatives® Market N...	—	—	9.31
Pioneer Multi-Asset Ultrash...	—	—	8.96
Performance Trust Strategic...	—	—	8.94
Zeo Strategic Income I	—	—	7.84
PIMCO Mortgage Opportuni...	—	—	7.05
Cohen & Steers Preferred Se...	—	—	6.99
Homestead Short-Term Bond	—	—	5.91
Guggenheim Floating Rate S...	—	—	5.11
<b>Top 12 holdings</b>			<b>99.6</b>

Top 3 Equity Sectors	%	Rel BM1%	Rel BM2%
Financial Svcs	19.34	—	—
Energy	14.63	—	—
Cons Cyclical	14.26	—	—

Top 3 Fixed Income Sectors	%	Rel BM1%	Rel BM2%
Securitized	46.96	—	—
Corporate	20.45	—	—
Cash	14.17	—	—

# TPFG Income SMA

## Portfolio Aggregation

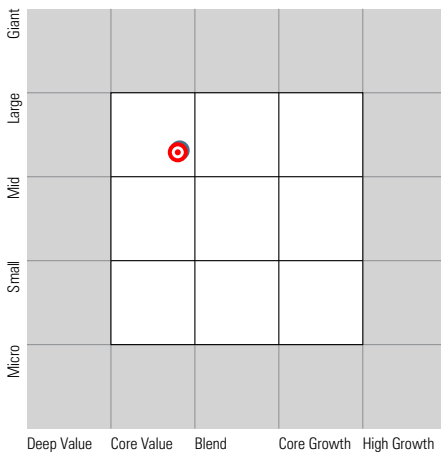
Data as of  
12/31/2016

Currency  
USD

Risk-Free Rate  
USTREAS T-Bill Auction Ave 3 Mon

Benchmark  
BBgBarc US Govt/Credit Intern TR USD

### Equity Style Box



Style Breakdown	Portfolio %	Benchmark %
Large Value	32.02	—
Large Core	17.69	—
Large Growth	8.92	—
Mid Value	11.64	—
Mid Core	12.28	—
Mid Growth	9.45	—
Small Value	5.66	—
Small Core	2.28	—
Small Growth	0.06	—
Large Cap	58.63	—
Mid-Small Cap	41.37	—
Value	49.32	—
Core	32.24	—
Growth	18.44	—

● Portfolio ● Portfolio Constituents ▲ Benchmark

### Top 10 Constituents

	% Weighting
1 Guggenheim Total Return Bond Instl	10.28
2 Semper MBS Total Return Institutional	9.84
3 PIMCO Income Instl	9.76
4 DoubleLine Total Return Bond I	9.59
5 AC Alternatives® Market Neutral Val Inv	9.31
6 Pioneer Multi-Asset Ultrashort Income A	8.96
7 Performance Trust Strategic Bond	8.94
8 Zeo Strategic Income I	7.84
9 PIMCO Mortgage Opportunities Instl	7.05
10 Cohen & Steers Preferred Sec & Inc I	6.99

### Portfolio Statistics

Style Box Value Factors	Portfolio	Benchmark
Price/Prospective Earnings	17.83	—
Price/Book	2.19	—
Price/Sales	1.48	—
Price/Cash Flow	9.44	—
Dividend Yield %	2.77	—

Style Box Growth Factors	Portfolio	Benchmark
Long-Term Earning Growth %	8.87	—
Historical Earnings Growth %	-5.16	—
Book Value Growth %	2.28	—
Sales Growth %	-2.84	—
Cash Flow Growth %	-2.31	—

Equity Valuation Price Multiples	Portfolio	Benchmark
Price to Earnings	19.06	—
Price to Book Value	2.16	—
Price to Sales	1.42	—
Price to Cash Flow	11.09	—

Financial Ratios	Portfolio	Benchmark
ROE %	17.38	—
ROA %	5.68	—
Net Margin %	10.89	—
Debt to Capital %	41.06	—

Fixed Income Style	Portfolio	Benchmark
Avg Eff Duration	2.17	—
Avg Eff Maturity	5.35	—
Avg Credit Quality	BB	—
Avg Wtd Coupon	3.83	—
Avg Wtd Price	—	—

Misc	Portfolio	Benchmark
% Market Value in Top 10 Holdings	88.56	—
Average Expense Ratio	0.77	—

### Portfolio Overview

Composition	Portfolio %	Benchmark %
Cash	7.42	—
Stock	0.15	—
Bond	87.00	—
Other	5.44	—
Total	100.00	—

Equity Sector Breakdown	Portfolio %	Benchmark %
Cyclical	36.83	—
Basic Matls	0.19	—
Cons Cyclical	14.26	—
Financial Svcs	19.34	—
Real Estate	3.03	—
Sensitive	38.00	—
Comm Svcs	1.34	—
Energy	14.63	—
Industrials	13.32	—
Technology	8.72	—
Defensive	25.17	—
Cons Defensive	8.11	—
Healthcare	7.73	—
Utilities	9.33	—

World Region Breakdown	Portfolio %	Benchmark %
Americas	89.05	—
North America	89.05	—
Latin America	0.00	—
Greater Europe	10.75	—
United Kingdom	5.61	—
Europe Developed	4.75	—
Europe Emerging	0.00	—
Africa/Middle East	0.39	—
Greater Asia	0.20	—
Japan	0.20	—
Australasia	0.00	—
Asia Developed	0.00	—
Asia emerging	0.00	—

Fixed-Income Sector Breakdown	Portfolio %	Benchmark %
Government	10.34	—
Municipal	4.76	—
Corporate	20.45	—
Securitized	46.96	—
Cash and Cash Equivalents	14.17	—
Derivative	3.31	—

Top 10 Country Breakdown	Portfolio %	Benchmark %
United States	89.04	—
United Kingdom	5.61	—
Switzerland	1.52	—
France	1.47	—
Netherlands	1.16	—
Germany	0.60	—
Israel	0.39	—
Japan	0.20	—
Canada	0.01	—
China	0.00	—

Credit Rating Breakdown	Portfolio %	Benchmark %
AAA	23.68	—
AA	9.84	—
A	8.81	—
BBB	12.55	—
BB	12.88	—
B or Below B	20.98	—
Not Rated	11.26	—

# TPFG Income SMA

## Portfolio Aggregation

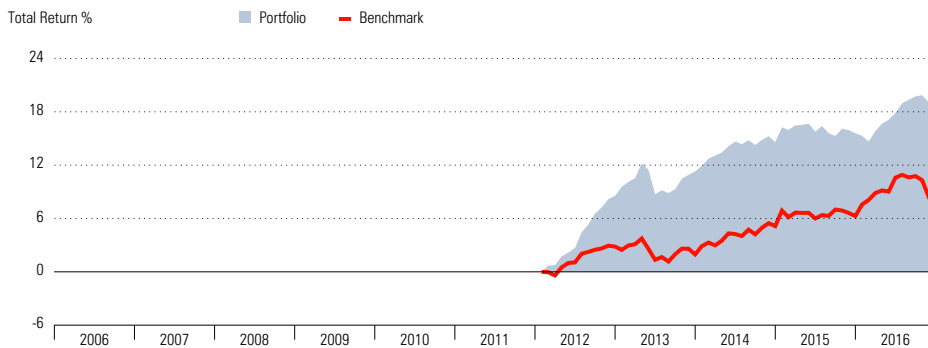
Data as of  
12/31/2016

Currency  
USD

Risk-Free Rate  
USTREAS T-Bill Auction Ave 3 Mon

Benchmark  
BBgBarc US Govt/Credit Intern TR USD

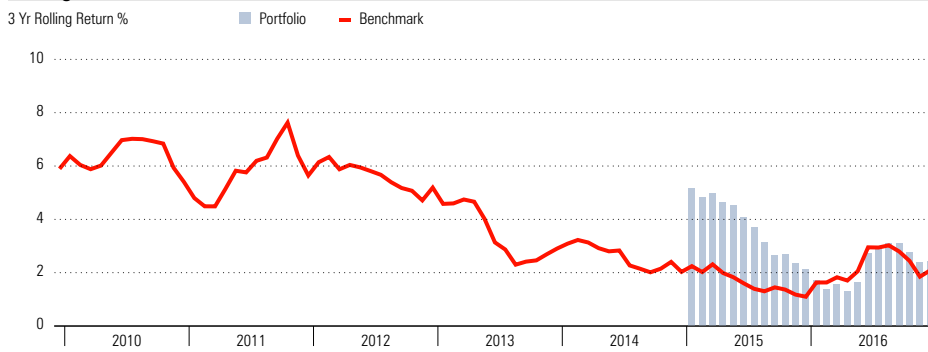
### Cumulative Return as of 12/31/2016



### Trailing Returns as of 12/31/2016

	Total Return	+/- Benchmark
1 Month	0.47	0.40
3 Month	-0.12	1.95
6 Month	1.48	3.39
YTD	3.47	1.39
1 Year	3.47	1.39
3 Years	2.43	0.34
5 Years	—	—
10 Years	—	—
15 Years	—	—
Inception	3.87	—

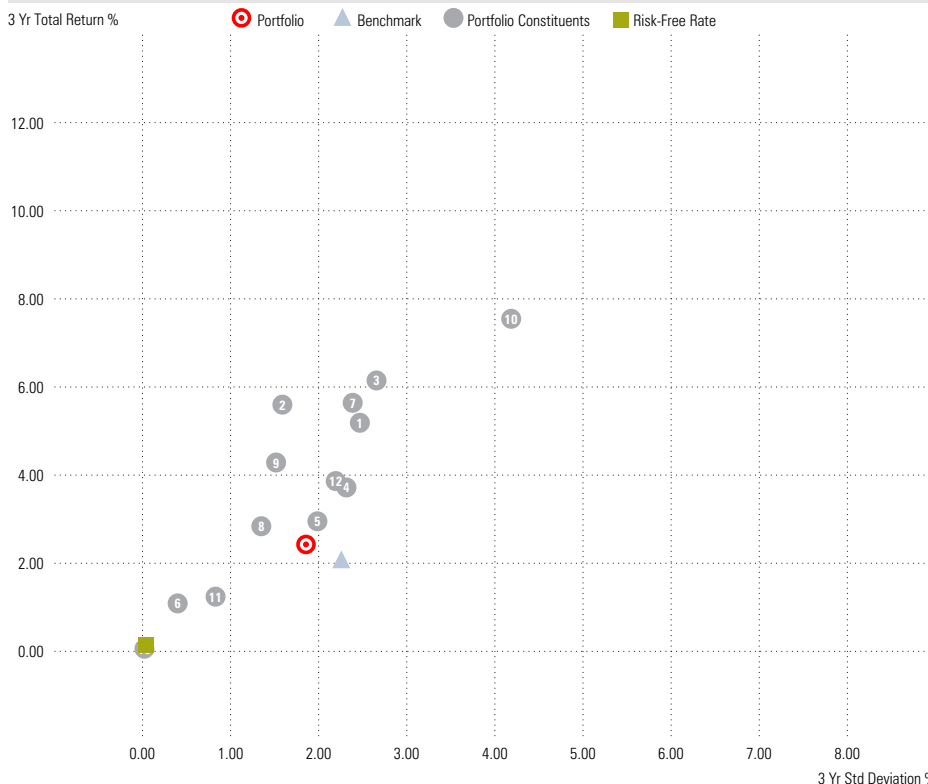
### Rolling Return as of 12/31/2016



### Relative Statistics as of 12/31/2016

vs Benchmark	1 Yr	3 Yr	5 Yr	10 Yr
Alpha	2.59	1.31	—	—
Beta	0.28	0.50	—	—
R-Squared	17.97	36.71	—	—
Tracking Error	2.67	1.87	—	—
Information Ratio	0.52	0.18	—	—
Treynor Ratio	11.04	4.60	—	—
Downside Deviation	1.96	1.37	—	—
Batting Average	75.00	55.56	—	—
Up Capture Ratio	71.83	73.56	—	—
Down Capture Ratio	-4.28	30.34	—	—
Up Number Ratio	0.75	0.85	—	—
Down Number Ratio	0.25	0.56	—	—
Up Percentage Ratio	0.63	0.40	—	—
Down Percentage Ratio	1.00	0.75	—	—

### Risk-Return as of 12/31/2016



### Risk Statistics as of 12/31/2016

	1 Yr	3 Yr	5 Yr	10 Yr
Standard Deviation	1.90	1.86	—	—
Skewness	-0.60	-0.99	—	—
Kurtosis	-0.48	-0.45	—	—
Sharpe Ratio	1.65	1.23	—	—
Sortino Ratio	3.21	2.32	—	—
Calmar Ratio	4.36	1.42	—	—
Positive Months	9	24	44	—
Negative Months	3	12	15	—
Worst Month	-0.70	-0.76	-2.48	—
Max Drawdown	-0.80	-1.71	—	—

### Calendar Returns as of 12/31/2016

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year
2006	—	—	—	—	—
2007	—	—	—	—	—
2008	—	—	—	—	—
2009	—	—	—	—	—
2010	—	—	—	—	—
2011	—	—	—	—	—
2012	—	1.93	3.76	1.86	—
2013	1.85	-1.64	0.51	1.84	2.54
2014	1.61	1.39	-0.33	0.27	2.96
2015	1.65	-0.61	-0.43	0.26	0.87
2016	0.21	1.75	1.60	-0.12	3.47

# TPFG Income SMA

## Portfolio Aggregation

**Data as of**  
12/31/2016

**Currency**  
USD

**Risk-Free Rate**  
USTREAS T-Bill Auction Ave 3 Mon

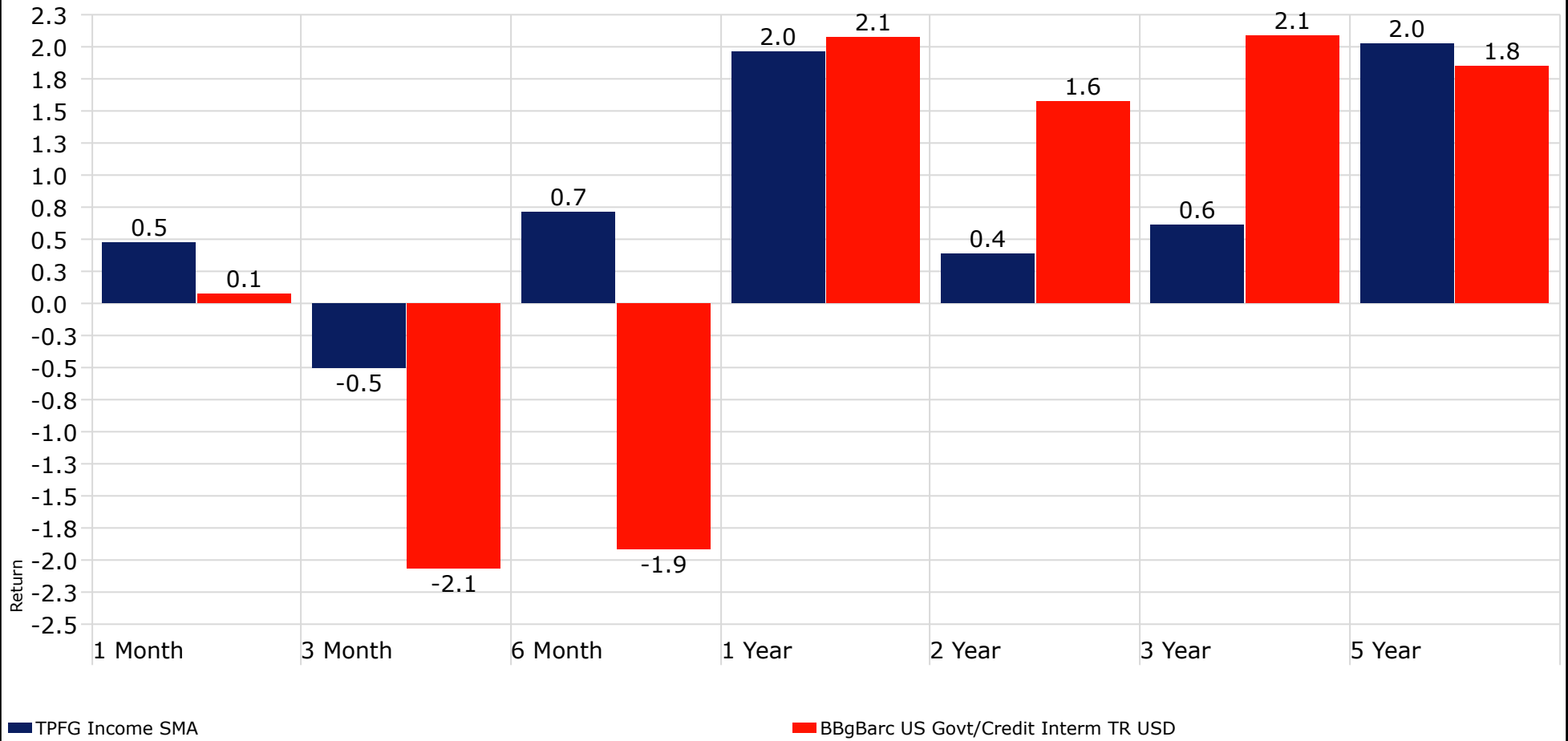
**Benchmark**  
BBgBarc US Govt/Credit Intern TR USD

### Portfolio Constituents

	Name	Ticker/ISIN	Weighting %	Morningstar Category	Equity Style Box	Fixed Inc Style Box
1	Guggenheim Total Return Bond Instl	GIBIX	10.28	US Fund Intermediate-Term Bond	—	
2	Semper MBS Total Return Institutional	SEMMX	9.84	US Fund Nontraditional Bond	—	
3	PIMCO Income Instl	PIMIX	9.76	US Fund Multisector Bond	—	—
4	DoubleLine Total Return Bond I	DBLTX	9.59	US Fund Intermediate-Term Bond	—	
5	AC Alternatives® Market Neutral Val Inv	ACVVX	9.31	US Fund Market Neutral		—
6	Pioneer Multi-Asset Ultrashort Income A	MAFRX	8.96	US Fund Ultrashort Bond	—	
7	Performance Trust Strategic Bond	PTIAX	8.94	US Fund Multisector Bond	—	—
8	Zeo Strategic Income I	ZEOIX	7.84	US Fund High Yield Bond	—	
9	PIMCO Mortgage Opportunities Instl	PMZIX	7.05	US Fund Nontraditional Bond	—	—
10	Cohen & Steers Preferred Sec & Inc I	CPXIX	6.99	US Fund Preferred Stock	—	
11	Homestead Short-Term Bond	HOSBX	5.91	US Fund Short-Term Bond	—	—
12	Guggenheim Floating Rate Strats Instl	GIFIX	5.11	US Fund Bank Loan	—	
13	Milestone Treasury Obligations Instl	MTIXX	0.42	US Fund Money Market - Taxable	—	—

## Trailing Returns - Annualized

As of Date: 12/31/2016



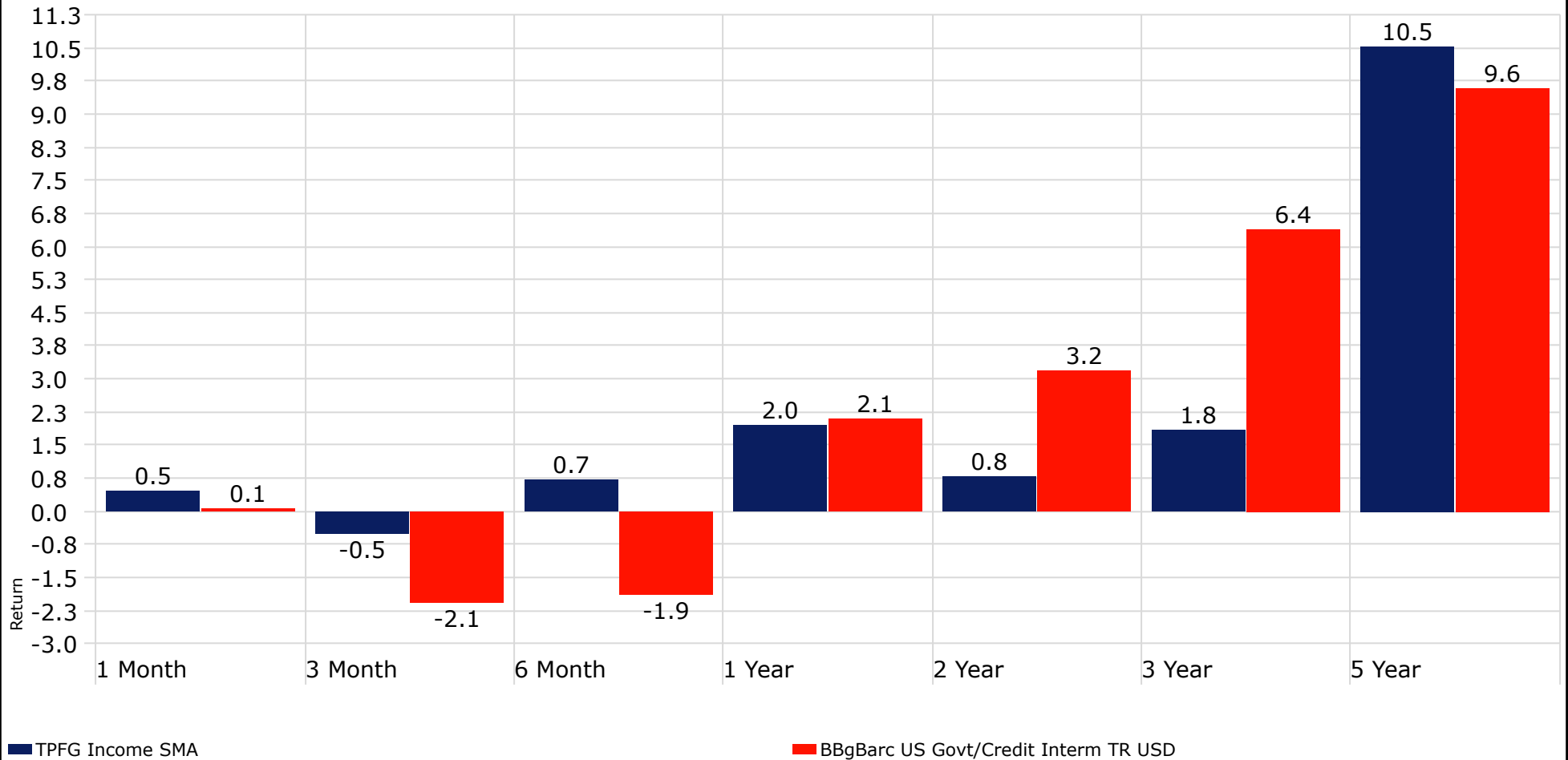
## TPGF Income SMA - Monthly Returns

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2016	-0.54	-0.57	0.99	0.38	0.35	0.63	0.57	0.33	0.32	-0.27	-0.70	0.47	1.96
2015	0.90	-0.24	0.40	-0.47	0.10	-0.76	0.03	-0.70	-0.25	0.27	-0.14	-0.30	-1.17
2014	0.05	0.74	0.32	-0.17	0.60	0.43	-0.75	0.41	-0.44	0.04	0.36	-0.53	1.05
2013	0.47	0.47	0.36	0.98	-0.64	-2.44	-0.05	-0.31	0.36	0.55	0.41	0.37	0.49
2012	1.07	0.67	0.06	0.53	0.40	0.50	1.24	0.81	1.15	0.16	0.88	0.27	8.01



## Trailing Returns - Cumulative

As of Date: 12/31/2016



## Trailing Returns - Cumulative

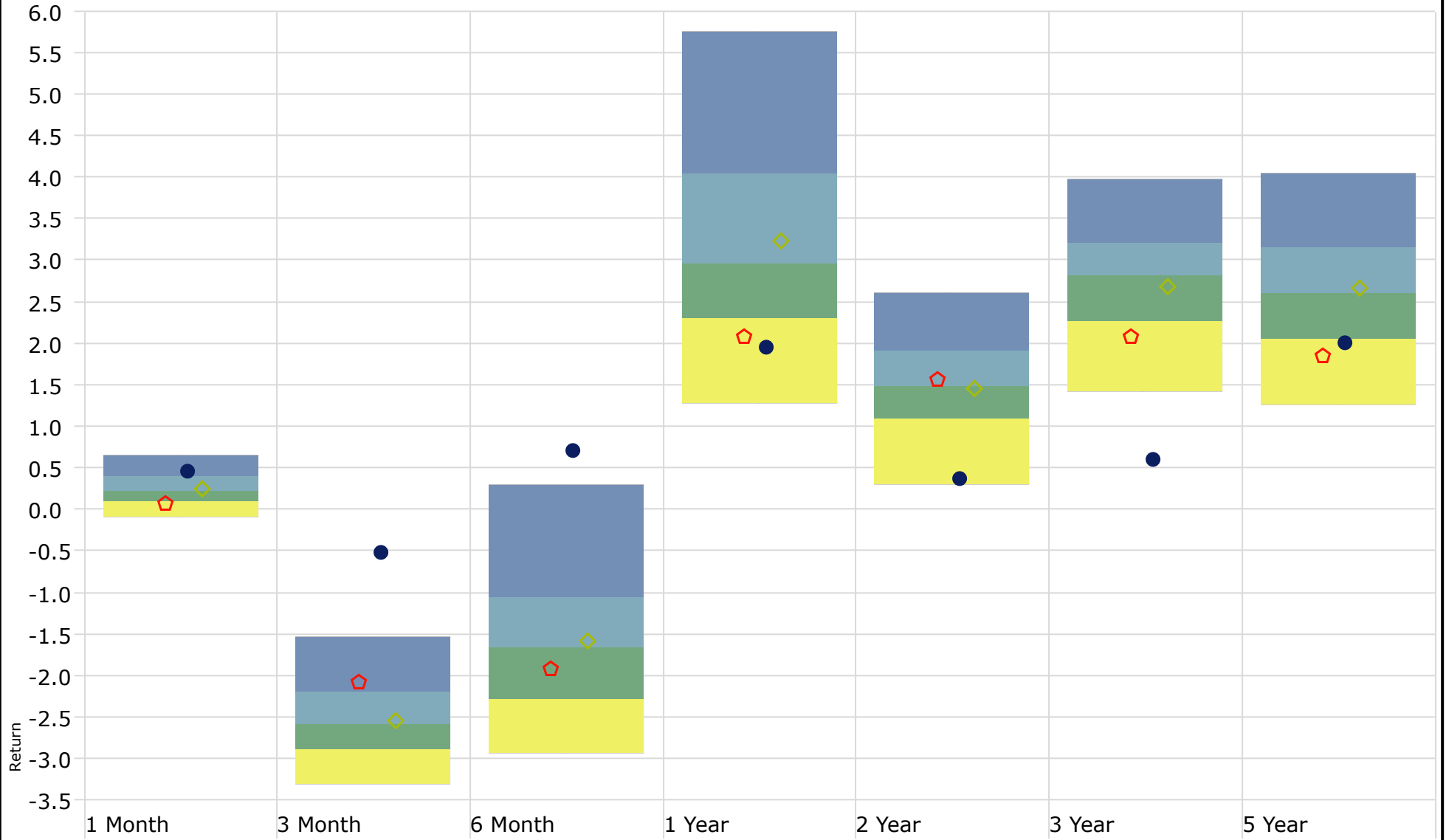
As of Date: 12/31/2016

	1 Month	3 Month	6 Month	1 Year	2 Year	3 Year	5 Year
TPFG Income SMA	0.47	-0.50	0.72	1.96	0.77	1.83	10.53
BBgBarc US Govt/Credit Interm TR USD	0.07	-2.07	-1.91	2.08	3.17	6.40	9.59

# Performance Relative to Peer Group - Annualized

Peer Group (5-95%): Funds - U.S. - Intermediate-Term Bond    Calculation Benchmark: BBgBarc US Govt/Credit Interm TR USD

■ Top Quartile   ■ 2nd Quartile   ■ 3rd Quartile   ■ Bottom Quartile



● TPGF Income SMA

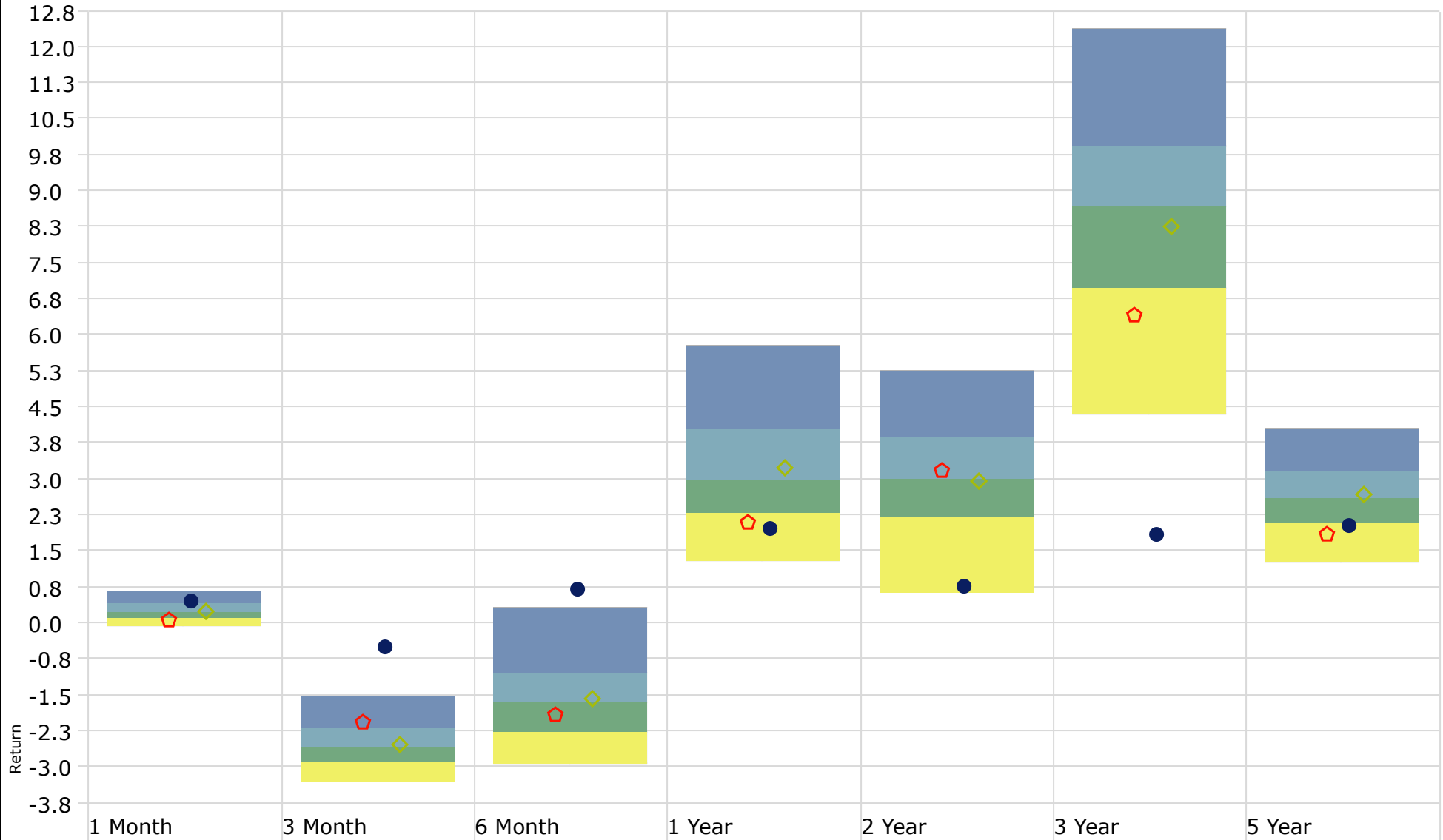
◇ BBgBarc US Govt/Credit Interm TR USD

◇ US Fund Intermediate-Term Bond

# Performance Relative to Peer Group - Cumulative

Peer Group (5-95%): Funds - U.S. - Intermediate-Term Bond    Calculation Benchmark: BBgBarc US Govt/Credit Interm TR USD

■ Top Quartile   ■ 2nd Quartile   ■ 3rd Quartile   ■ Bottom Quartile



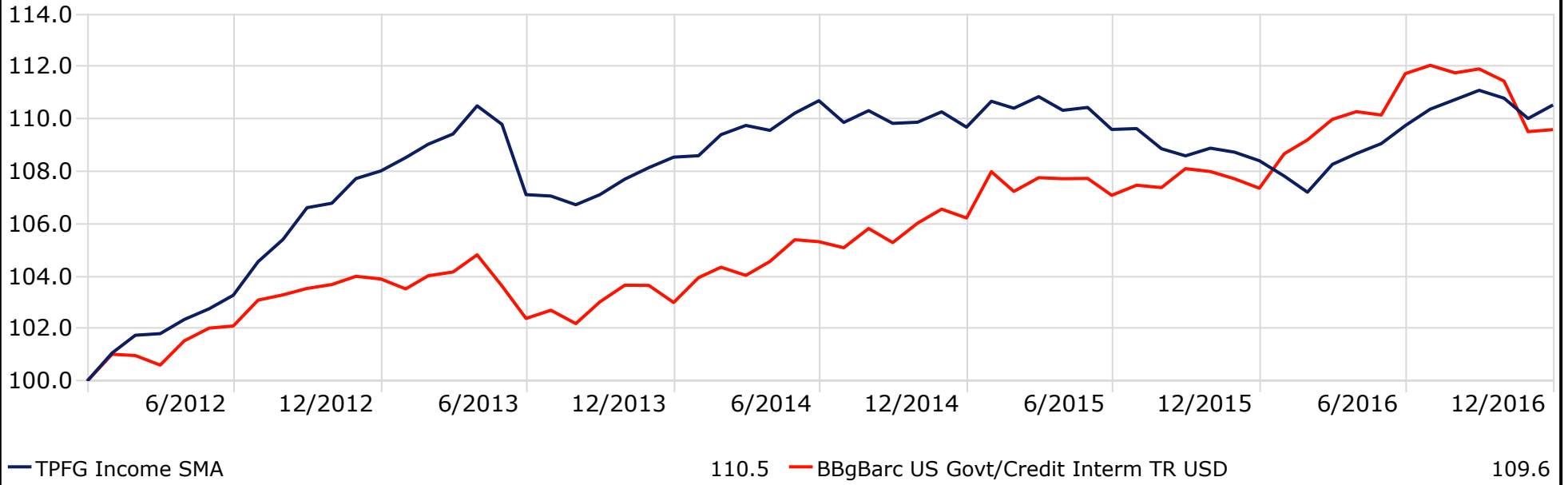
● TPGF Income SMA

⬠ BBgBarc US Govt/Credit Interm TR USD

◇ US Fund Intermediate-Term Bond

## Investment Growth

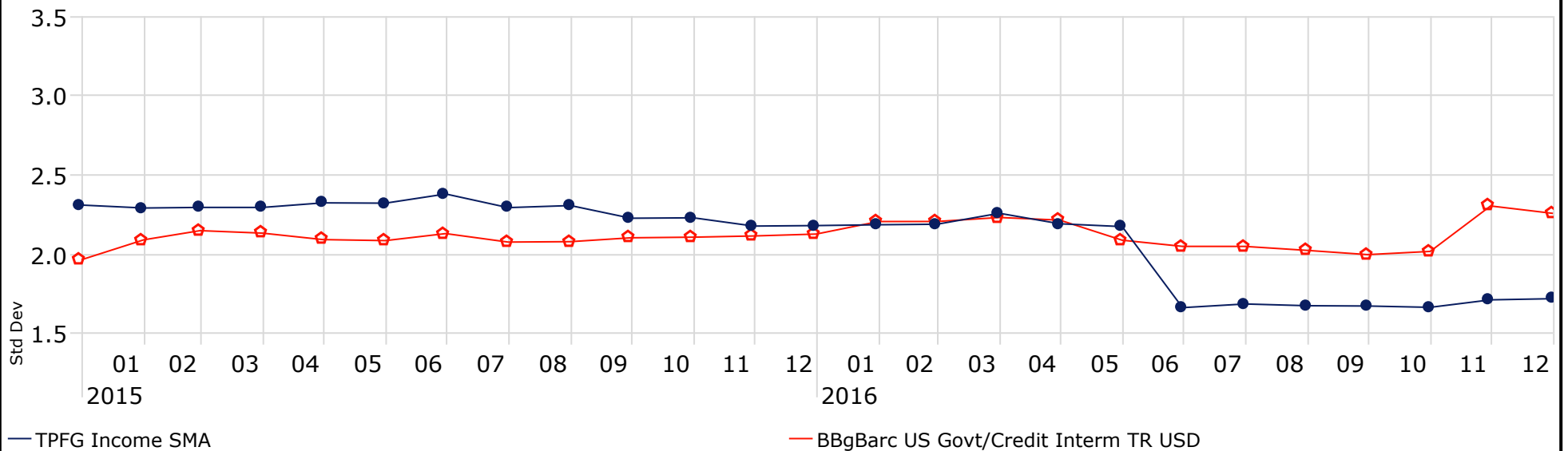
Time Period: 1/1/2012 to 12/31/2016



## Standard Deviation

Time Period: 1/1/2012 to 12/31/2016

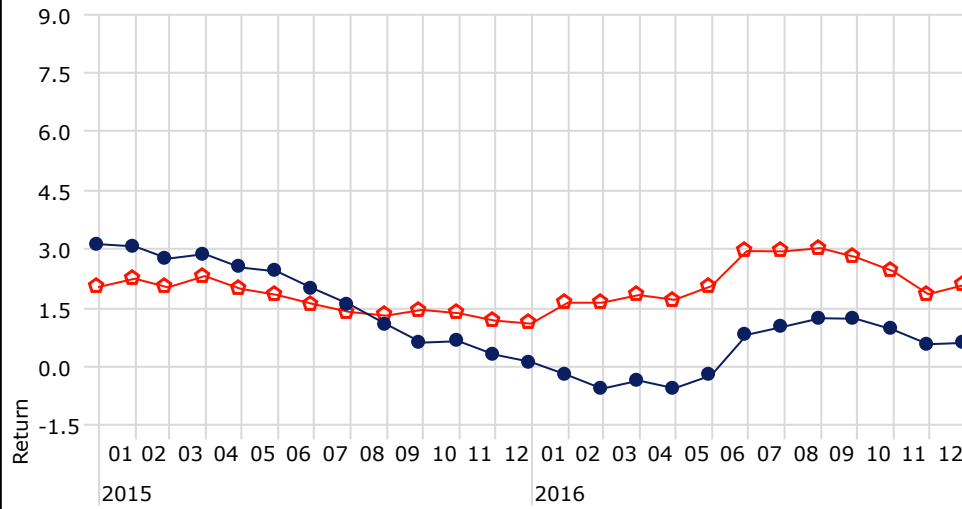
Rolling Window: 3 Years 1 Month shift



### Rolling Returns

Time Period: 1/1/2012 to 12/31/2016

Rolling Window: 3 Years 1 Month shift



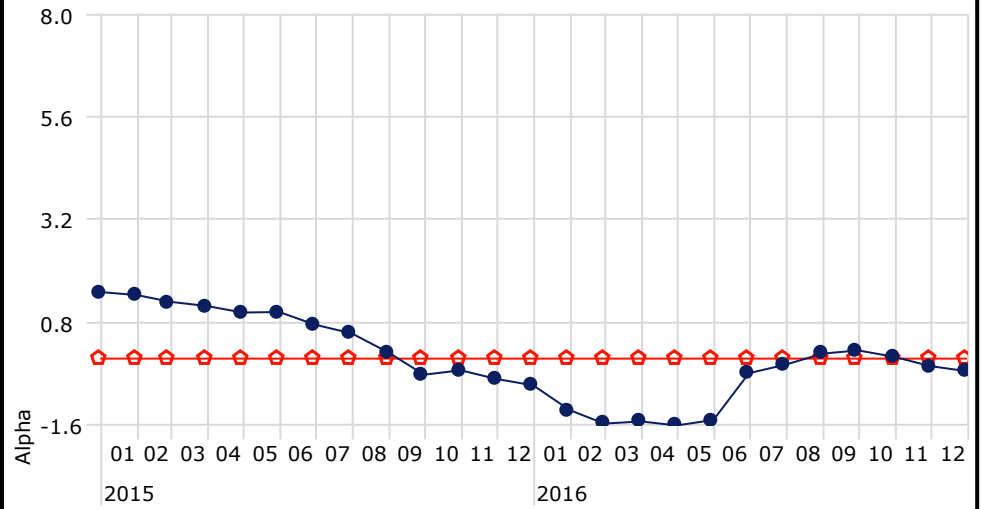
—TPFG Income SMA

—BBgBarc US Govt/Credit Intern TR USD

### Alpha

Time Period: 1/1/2012 to 12/31/2016

Rolling Window: 3 Years 1 Month shift



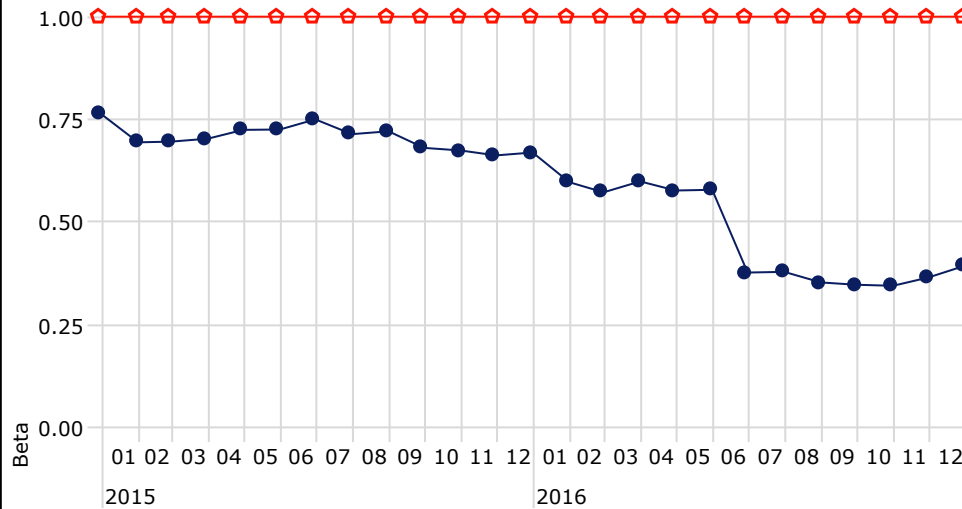
—TPFG Income SMA

—BBgBarc US Govt/Credit Intern TR USD

### Beta

Time Period: 1/1/2012 to 12/31/2016

Rolling Window: 3 Years 1 Month shift



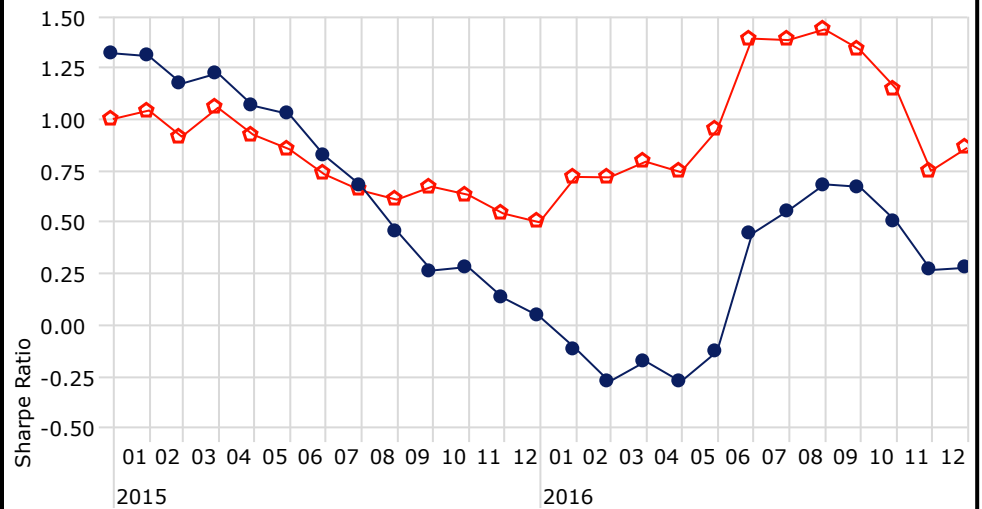
—TPFG Income SMA

—BBgBarc US Govt/Credit Intern TR USD

### Sharpe Ratio

Time Period: 1/1/2012 to 12/31/2016

Rolling Window: 3 Years 1 Month shift



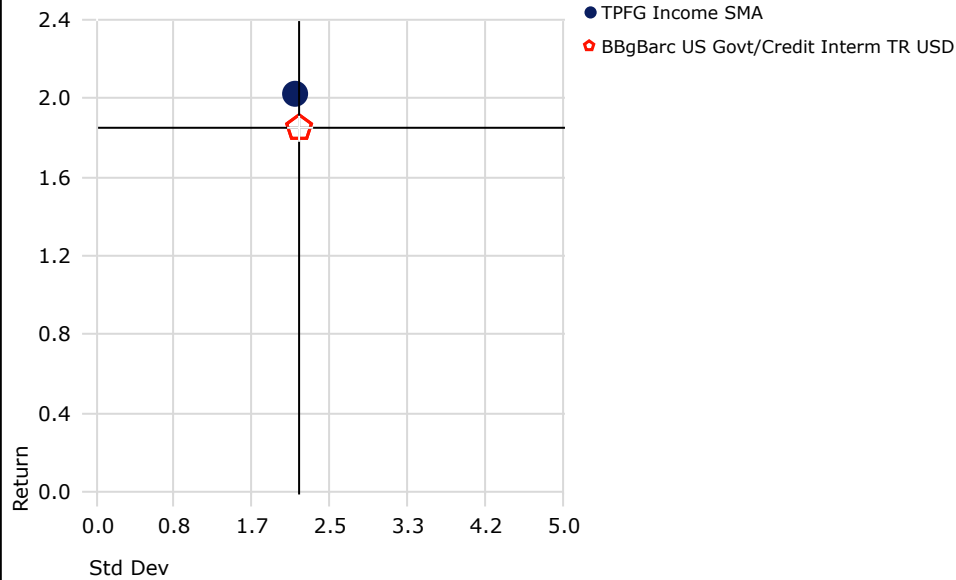
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### Risk-Reward

Time Period: 1/1/2012 to 12/31/2016

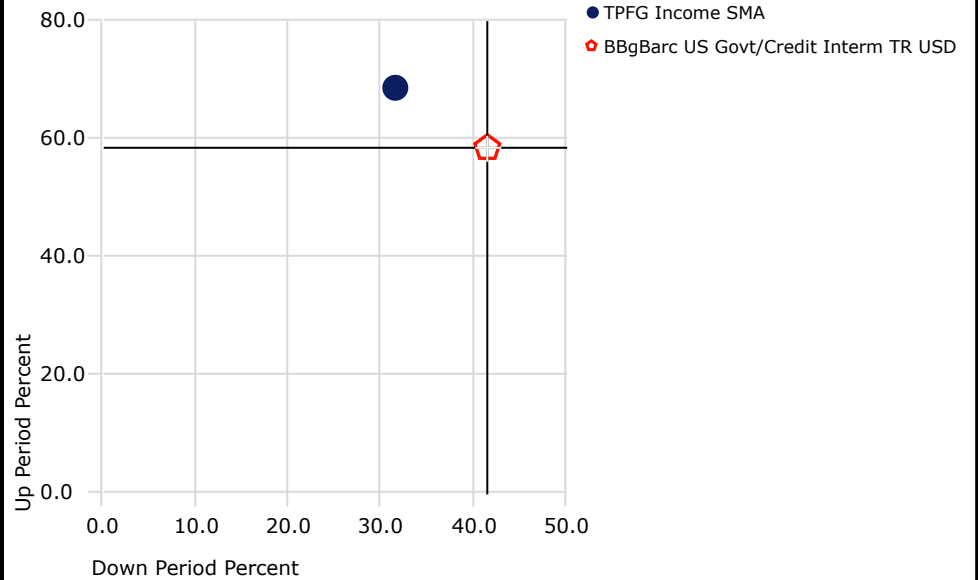
Calculation Benchmark: BBgBarc US Govt/Credit Interm TR USD



### Up Period % vs. Down Period %

Time Period: 1/1/2012 to 12/31/2016

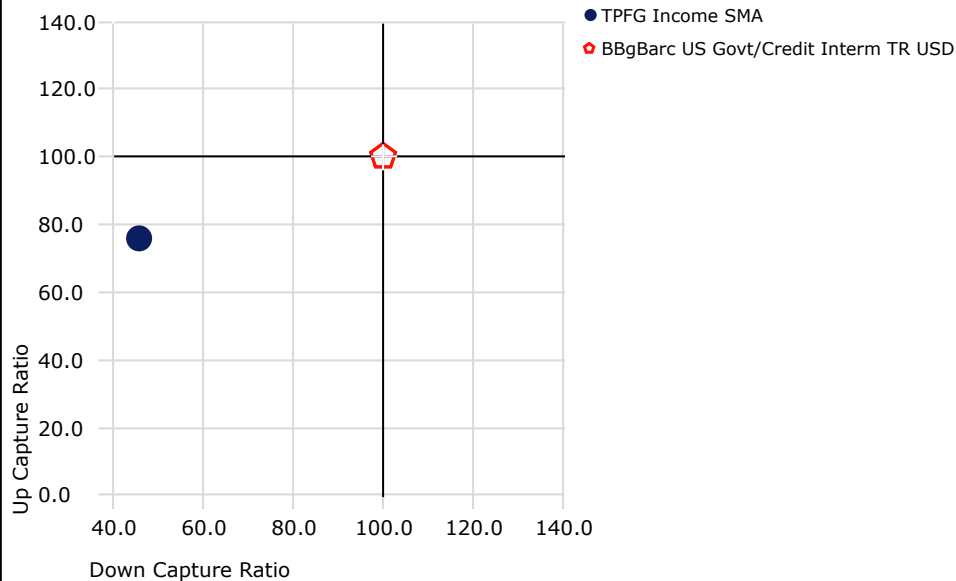
Calculation Benchmark: BBgBarc US Govt/Credit Interm TR USD



### Up/Down Capture Ratio

Time Period: 1/1/2012 to 12/31/2016

Calculation Benchmark: BBgBarc US Govt/Credit Interm TR USD



### Drawdown

Time Period: 1/1/2012 to 12/31/2016 Calculation Benchmark: BBgBarc US Govt/Credit Interm TR USD

	Max Drawdown	Max # of Periods	Max Drawdown Peak Date	Max Drawdown Valley Date
TPFG Income SMA	-3.41	4.00	5/1/2013	8/31/2013
BBgBarc US Govt/Credit Interm TR USD	-2.50	4.00	5/1/2013	8/31/2013

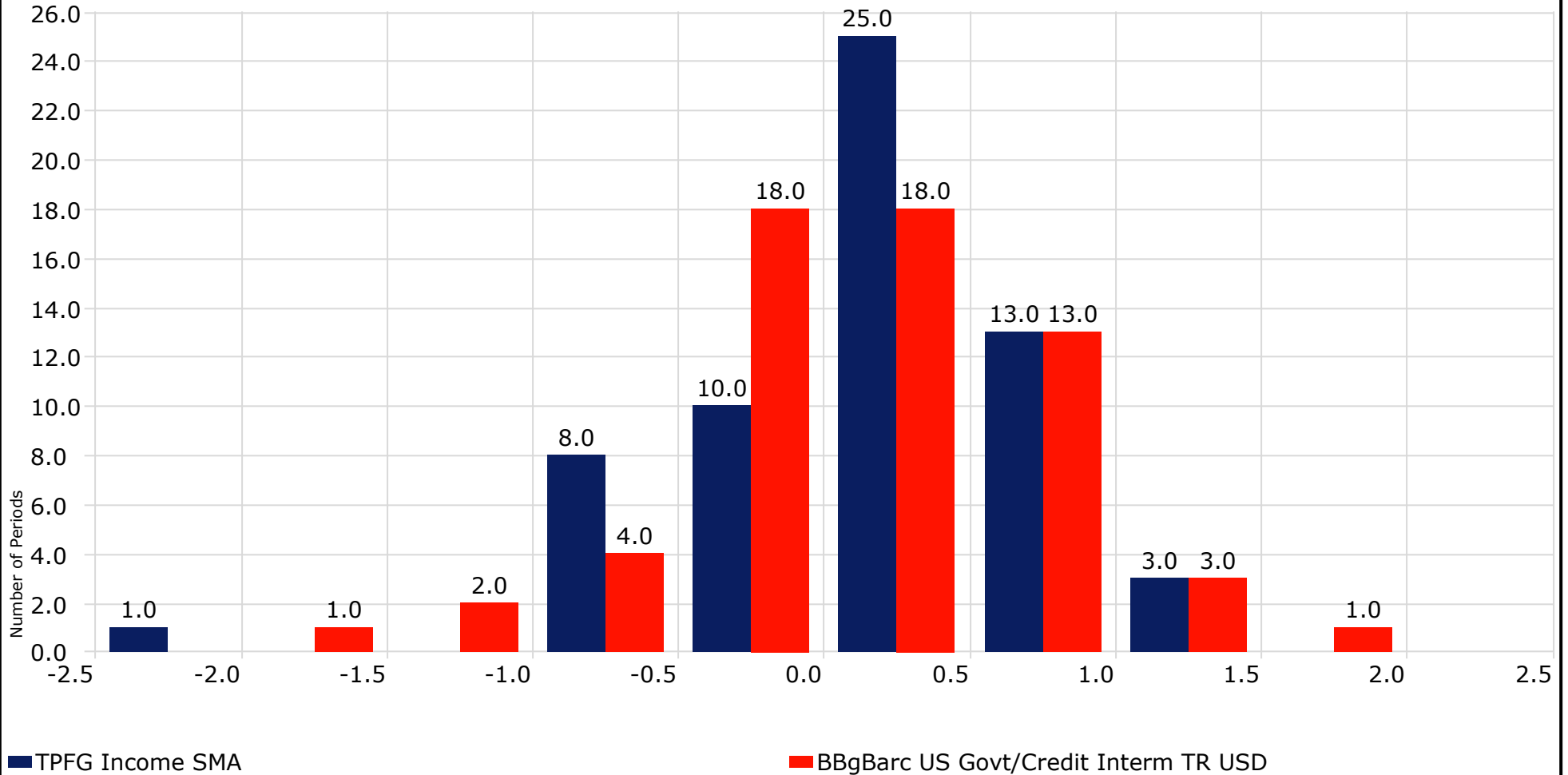
### Correlation Matrix

Time Period: 1/1/2012 to 12/31/2016

	1	2
1 TPGF Income SMA	1.00	
2 BBgBarc US Govt/Credit Interm TR USD	0.58	1.00

## Return Distribution - TPGF Income SMA

Time Period: 1/1/2012 to 12/31/2016



## Risk

Time Period: 1/1/2012 to 12/31/2016 Calculation Benchmark: BBgBarc US Govt/Credit Interm TR USD

	Return	Std Dev	Downside Deviation	Alpha	Beta	R2	Sharpe Ratio (arith)	Tracking Error
TPGF Income SMA	2.02	2.14	1.50	0.92	0.57	33.47	0.89	1.98
BBgBarc US Govt/Credit Interm TR USD	1.85	2.17	0.00	0.00	1.00	100.00	0.80	0.00